

REPORT ON THE  
FIFTY-FIFTH ACTUARIAL VALUATION  
OF THE STATE TEACHERS'  
RETIREMENT SYSTEM OF VERMONT  
PREPARED AS OF JUNE 30, 2002

OCTOBER 23, 2002

October 23, 2002

Board of Trustees  
State Teachers' Retirement System  
of Vermont  
Montpelier, Vermont 05633

Dear Board Members:

Section 1942, subsection (n), of Title 16, Chapter 55, Vermont Statutes Annotated, relating to the State Teachers' Retirement System of Vermont, provides in part that the actuary shall make annual valuations of the system.

The fifty-fifth actuarial valuation of the system, prepared as of June 30, 2002, has now been completed and the results are presented in this report, together with our recommendations in regard to contributions payable by the State.

On the basis of the current valuation, we recommend that a normal contribution of 4.04% of covered compensation and a payment of \$11,356,088 towards the liquidation of the unfunded accrued liability be made. Based on the reported payroll, the total contribution amounts to \$28,279,810 for the year beginning July 1, 2002. Schedule G provides the estimated contributions for the following two fiscal years.

The Table of Contents, which immediately follows, outlines the material contained in this report.

Respectfully submitted,

David L. Driscoll, F.S.A., E.A.  
Associate Principal and Consulting Actuary

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REPORT ON THE FIFTY-FIFTH ACTUARIAL VALUATION OF THE  
STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT  
PREPARED AS OF JUNE 30, 2002

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below:

Valuation Date	June 30, 2002	June 30, 2001
Active members		
Vested	7,408	7,388
Not vested	<u>2,849</u>	<u>2,876</u>
Total	10,257	10,264
Compensation	\$418,904,021	\$403,258,305
Average age	44.53	45.05
Average service	12.37	12.10
Average compensation	\$40,841	\$39,289
Retired members and beneficiaries		
Number	3,991	3,812
Annual retirement allowances	\$46,774,212	\$42,867,493
Inactive members	2,932	2,654
Terminated vested members	513	495
Adjusted assets for valuation	\$1,169,293,733	\$1,116,845,541
Unfunded actuarial accrued liability	\$137,907,804	\$137,495,648
Annual actuarial accrued liability contribution	\$11,356,088	\$10,815,322
Normal contribution rate	4.04%	2.81%

2. Comments on the results of the valuation are given in Section IV and further discussion of the contribution levels is set out in Section V.
3. Schedule B outlines the full set of actuarial assumptions and methods employed in the current valuation.
4. Schedule C outlines the benefit provisions that were taken into account in the valuation.
5. As part of the regular valuation, experience of the system during the previous year has been analyzed. We have summarized in graph form in Section VI experience during the past year.
6. Schedule F shows a graph of projected benefit payouts during the next ten years of benefits payable to current and future pensioners.
7. Schedule G shows projected contributions for the two following fiscal years.

## SECTION II - MEMBER DATA

1. Member data were furnished by the Retirement Division of the State Treasurer's Office.
2. Schedule D presents tables that summarize active members, by age and service and service pensioners, disability pensioners and beneficiaries by annual benefit levels.

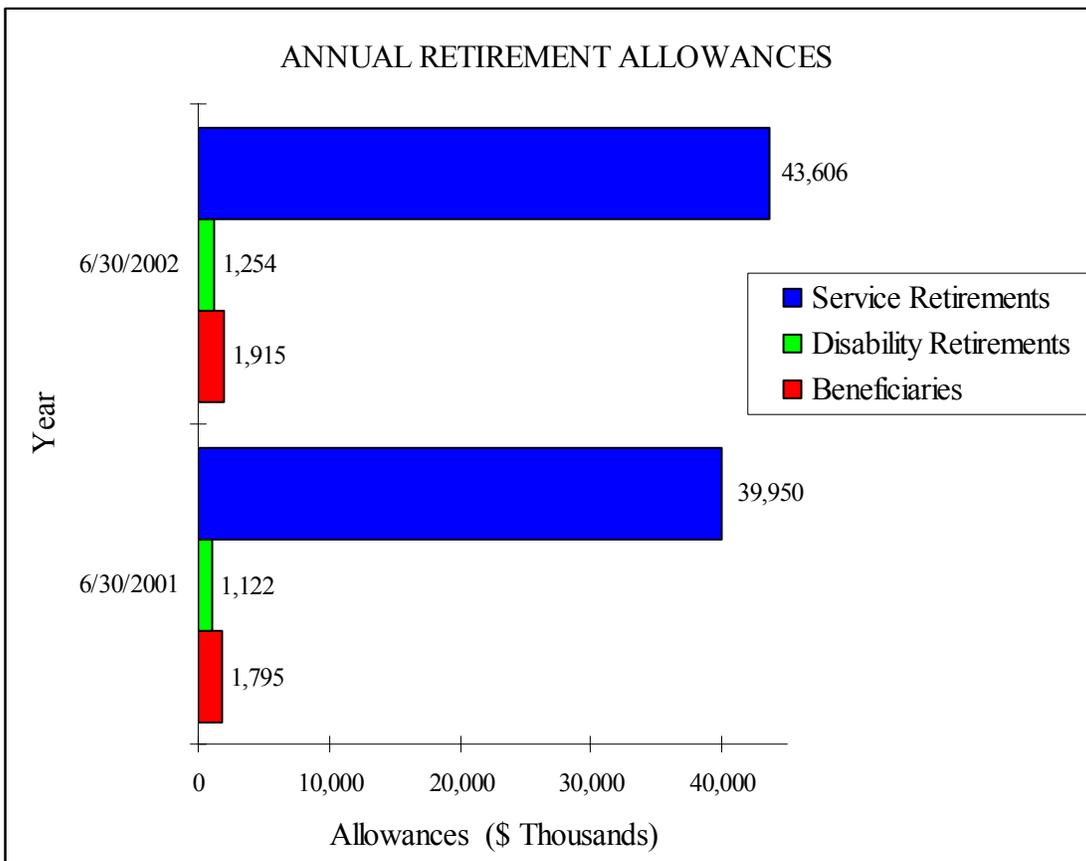
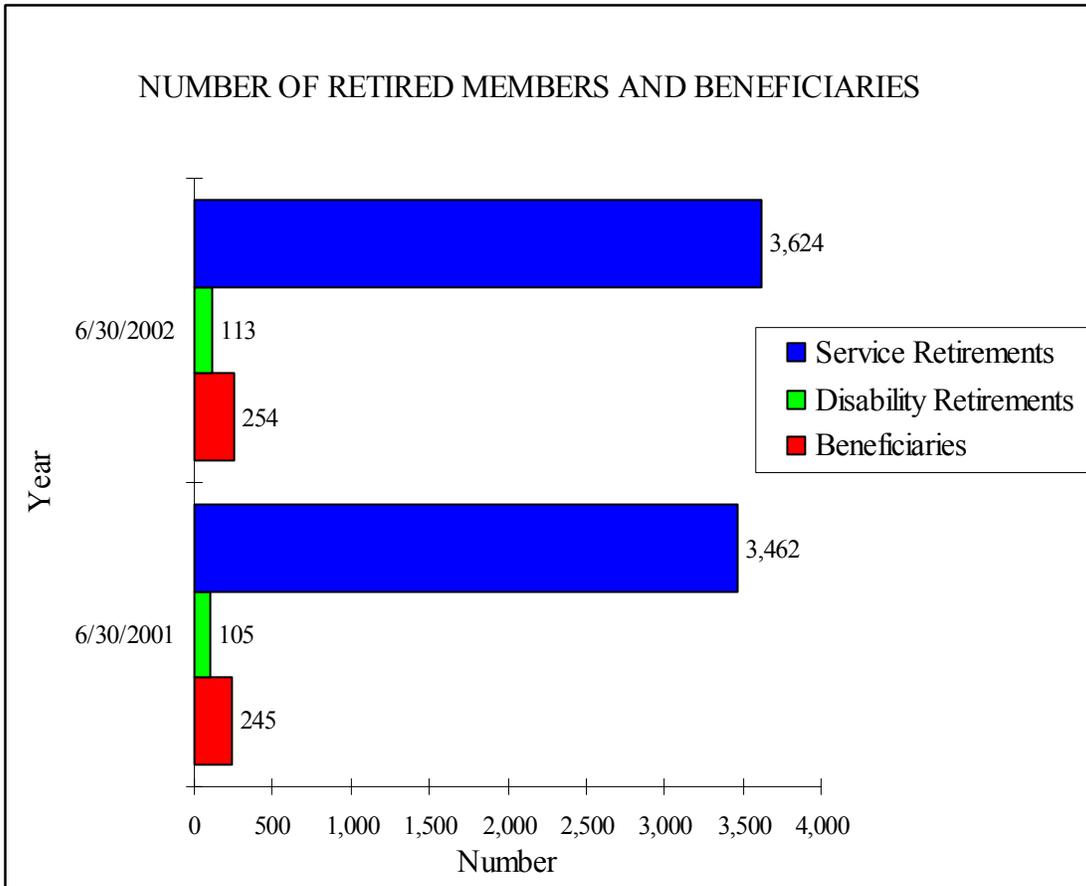
3. The following tables show a summary of membership of the system:

THE NUMBER AND ANNUAL ALLOWANCES OF RETIRED MEMBERS  
AND BENEFICIARIES AS OF JUNE 30, 2002

GROUP	NUMBER	ANNUAL ALLOWANCES
Service Retirements	3,624	\$43,605,724
Disability Retirements	113	\$1,253,572
Beneficiaries of Deceased Members	254	\$1,914,916
Total	3,991	\$46,774,212

THE NUMBER AND ANNUAL COMPENSATION OF ACTIVE MEMBERS  
AS OF JUNE 30, 2002

GROUP	NUMBER	ANNUAL COMPENSATION
Group A	67	\$3,260,148
Group C	10,190	\$415,643,873
Total	10,257	\$418,904,021



SECTION III - ASSETS

1. The amount of assets taken into account in the valuation is based principally on information supplied by the Retirement Division of the Office of the State Treasurer.
2. For actuarial purposes, the assets are valued using a method that reflects the market value of assets through gradual recognition of any unrealized appreciation or depreciation in assets beyond the assumed 8½% rate of return, provided the adjusted asset value is within 20% of the market value. The following shows the development of the valuation assets.

Assets for valuation purposes, June 30, 2001		\$ 1,116,845,541
Cash flow during year (net of investment income)		
Contributions paid	\$ 38,643,034	
Benefit payouts	(47,769,267)	
Expenses	<u>(12,676,847)</u>	
Net		\$ (21,803,080)
Expected investment income (8-1/2%)		<u>100,079,970</u>
Preliminary asset value		\$ 1,195,122,431
Market value, June 30, 2002	\$ 1,065,978,943	
Preliminary asset value	<u>1,195,122,431</u>	
Unrecognized appreciation	\$ (129,143,488)	
Adjustment	x 20%	<u>\$ (25,828,698)</u>
Adjusted asset value		\$ 1,169,293,733
Assets for valuation purposes, June 30, 2002		\$ 1,169,293,733

3. The assets for valuation purposes are 109.7% of market value.
4. The investment rate of return for the year ending June 30, 2002 is 6.71%, based on the valuation assets.

SECTION IV - COMMENTS ON VALUATION

1. Schedule A of the report contains the valuation balance sheet, which shows the present and prospective assets and liabilities of the system as of June 30, 2002.
2. The adjusted assets of the system amount to \$1,169,293,733. The present value of prospective allowances to be paid to current retired members, terminated vested members and beneficiaries amounts to \$501,833,340 and the present value of prospective benefits expected to become payable to current active and inactive members amounts to \$1,061,822,847, for total liabilities of \$1,563,656,187. Therefore, after subtracting assets of \$1,169,293,733, the amount to be provided through prospective contributions is \$394,362,454.
3. Prospective member contributions have a value of \$110,149,034, which leaves \$284,213,420 to be met by the State. The State's contributions consist of a normal contribution and an accrued liability contribution. The accrued liability contribution represents the amount (assumed to increase by 5% each year) necessary to liquidate the balance of the unfunded accrued liability as of June 30, 2002 over a 16-year period from that date. Future normal contributions represent the balance of contributions needed to fund the system. After subtracting the current balance of the unfunded accrued liability, \$137,907,804, from the present value of prospective State contributions, \$284,213,419, there remains \$146,305,616 to be met by future normal contributions. We have calculated that future normal contributions at the rate of 4.04% of members' compensation are required to provide this amount.

4. The normal contribution rate of 4.04% may be compared to the rate of 2.81% determined as of June 30, 2001. The following table provides an approximate breakdown by source for the increase in the rate:

ITEM	EFFECT OF (GAIN) OR LOSS
Normal rate as of June 30, 2001	+2.81%
Investment experience	+0.91%
Salary increases	-0.30%
Retired member mortality	+0.02%
COLA	-0.07%
New members	+0.19%
Contribution shortfall	+0.05%
Net withdrawal/retirement	+0.43%
Normal rate as of June 30, 2002	4.04%

#### SECTION V - CONTRIBUTIONS PAYABLE UNDER THE SYSTEM

1. Section 1942, Subsection (n), of Title 16, Chapter 55, Vermont Statutes Annotated, relating to the State Teachers' Retirement System of Vermont, indicates that the actuary shall submit to the Board of Trustees his recommendation as to the contributions payable by the State based on annual valuations of the assets and liabilities of the system.
2. On the basis of the results of the current valuation, the actuary recommends that the Board of Trustees certify the following contributions for the fiscal year commencing July 1, 2002:

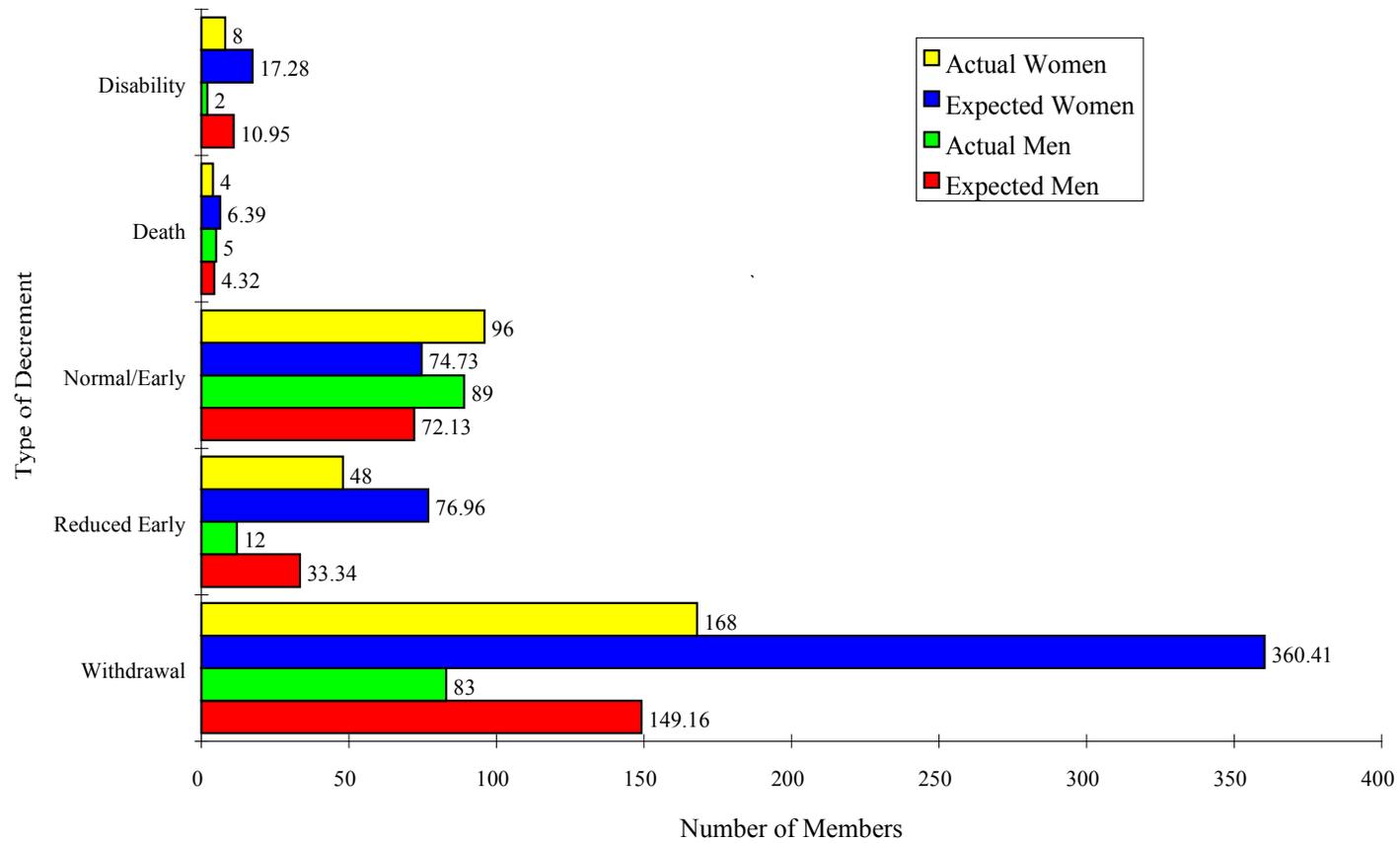
Normal contribution	\$16,923,722
Accrued liability contribution	<u>11,356,088</u>
Total	\$28,279,810

SECTION VI - EXPERIENCE

1. Records are maintained whereby the actual experience of the System may be compared with the expected experience based on the tables adopted by the Board of Trustees. This experience is reviewed periodically, and any change suggested by the cumulative experience of the system will be recommended to the Board.
2. The active service and salary experience for the latest year is summarized in graphs on the following pages.

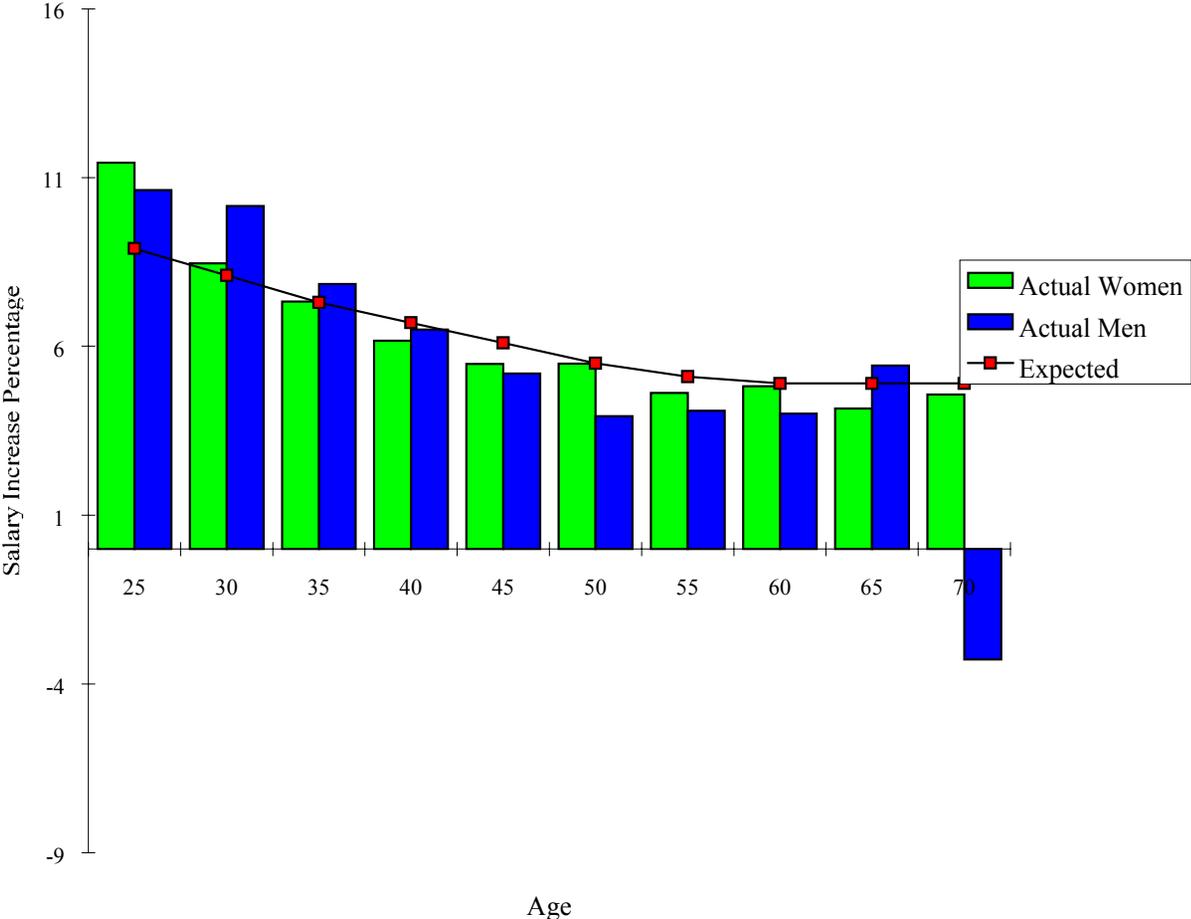
### ACTIVE SERVICE EXPERIENCE

July 1, 2001 through June 30, 2002



### SALARY EXPERIENCE

JULY 1, 2001 THROUGH JUNE 30, 2002



SECTION VII - ACCOUNTING INFORMATION

1. Based on our interpretation of Statement No. 25 of the Governmental Accounting Standards Board (GASB), we are providing the following Schedule of Funding Progress for accounting purposes.

SCHEDULE OF FUNDING PROGRESS

(dollar amounts in thousands)

Year Ending June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2002	\$1,169,294	\$1,307,202	\$137,908	89.5%	\$418,904	32.9%
2001	1,116,846	1,254,341	137,496	89.0%	403,258	34.1%
2000	1,037,466	1,174,087	136,621	88.4%	387,999	35.2%
1999	931,056	1,066,400	135,343	87.3%	372,299	36.4%
1998	821,977	955,694	133,717	86.0%	357,899	37.4%
1997	717,396	849,179	131,783	84.5%	364,695	36.1%
1996	570,776	700,377	129,601	81.5%	355,895	36.4%
1995	520,850	648,052	127,202	80.4%	346,975	36.7%
1994	473,229	597,851	124,622	79.2%	335,155	37.2%
1993	433,327	555,220	121,893	78.1%	324,537	37.6%
1992	390,098	509,140	119,042	76.6%	312,347	38.1%
1991	360,301	476,397	116,096	75.6%	316,669	36.7%
1990	328,338	441,414	113,076	74.4%	289,641	39.0%

2. GASB Statement No. 27 requires the development of Annual Pension Cost and Net Pension Obligation. This development is shown in the following table.

DEVELOPMENT OF PENSION COST AND NET PENSION OBLIGATION (NPO)

Year Ending June 30	Annual Required Contribution	Interest on NPO	Amortization of NPO	Pension Cost (1)+(2)-(3)	Actual Contribution	Change in NPO (4)-(5)	NPO Balance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1988	16,294,346	0	0	16,294,346	17,186,259	(891,913)	(891,913)
1989	18,072,172	(75,813)	(74,450)	18,070,809	19,000,000	(929,191)	(1,821,104)
1990	21,320,155	(154,794)	(145,688)	21,311,049	19,561,000	1,750,049	(71,055)
1991	25,013,437	(6,040)	(5,299)	25,012,696	15,000,000	10,012,696	9,941,641
1992	28,595,220	845,039	833,331	28,606,928	14,618,992	13,987,936	23,929,577
1993	28,819,875	2,034,014	2,274,675	28,579,214	19,890,048	8,689,166	32,618,743
1994	25,805,408	2,772,593	2,970,742	25,607,259	20,580,000	5,027,259	37,646,002
1995	27,451,926	3,199,910	3,544,821	27,107,015	18,080,000	9,027,015	46,673,017
1996	28,711,597	3,967,206	4,374,228	28,304,575	11,480,000	16,824,575	63,497,592
1997	30,721,768	5,397,295	6,111,414	30,007,649	18,080,000	11,927,649	75,425,241
1998	26,927,205	6,411,145	6,285,437	27,052,913	18,106,581	8,946,332	84,371,573
1999	20,723,874	7,171,584	8,231,373	19,664,085	18,080,000	1,584,085	85,955,658
2000	19,936,345	7,306,231	8,385,918	18,856,658	18,586,240	270,418	86,226,076
2001	20,970,278	7,329,216	8,412,300	19,887,194	19,143,827	743,367	86,969,443
2002	22,146,880	7,392,403	8,484,824	21,054,459	20,448,248	606,211	87,575,654

SCHEDULE A

VALUATION BALANCE SHEET  
SHOWING THE ASSETS AND LIABILITIES OF THE  
STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT  
PREPARED AS OF JUNE 30, 2002

VALUATION BALANCE SHEET  
 SHOWING THE ASSETS AND LIABILITIES OF THE  
 STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT  
 PREPARED AS OF JUNE 30, 2002

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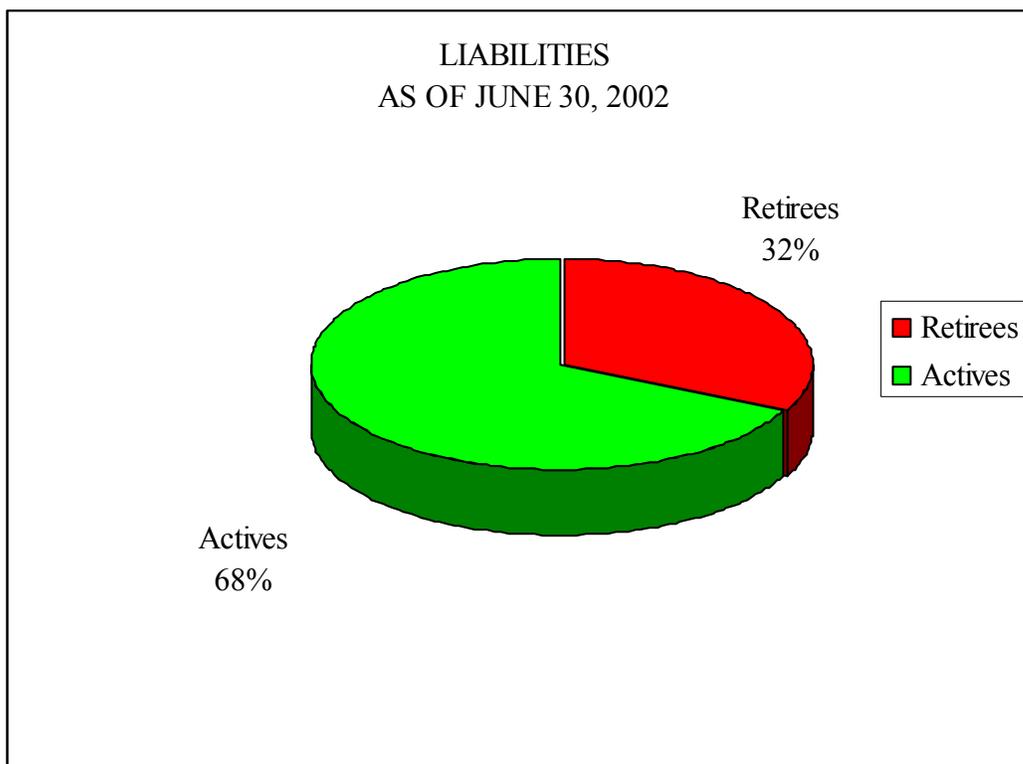
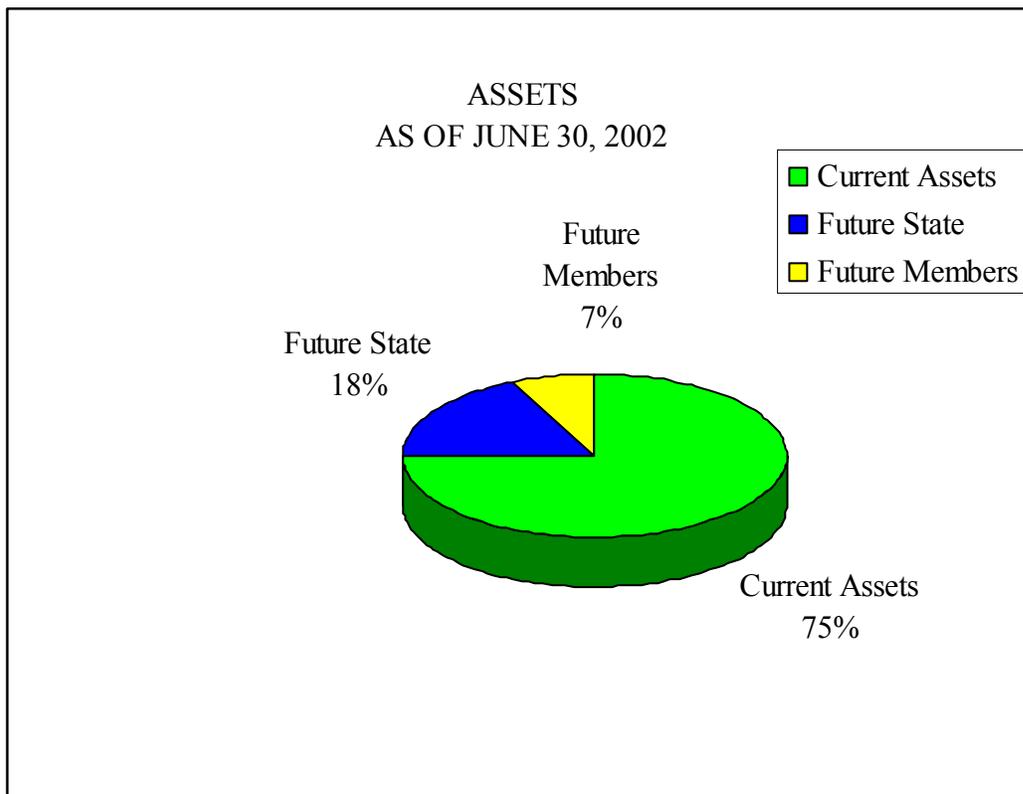
ASSETS

Adjusted assets of the system		\$1,169,293,733
Present value of prospective contributions		
Members	\$110,149,034	
State		
Accrued liability contributions	137,907,804	
Normal contributions	<u>146,305,616</u>	
Total prospective contributions		<u>\$ 394,362,454</u>
Total assets		<u><u>\$1,563,656,187</u></u>

LIABILITIES

Actuarial present value of benefits payable on account of present retired members, terminated vested members and beneficiaries		\$ 501,833,340
Actuarial present value of benefits expected to become payable on account of active and inactive members		<u>1,061,822,847</u>
Total liabilities		<u><u>\$1,563,656,187</u></u>

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SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

## OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

INTEREST RATE: 8½% per annum, compounded annually.

SEPARATIONS BEFORE NORMAL RETIREMENT: Representative values of the assumed annual rates of withdrawal, vested retirement, early retirement, disability and death are as follows:

Age	Withdrawal and Vested Retirement		Disability		Death	
	Males	Females	Males	Females	Males	Females
25	6.75%	8.10%	.01%	.02%	.04%	.03%
30	6.75	6.75	.02	.02	.04	.03
35	6.08	5.40	.02	.02	.04	.03
40	5.06	4.50	.04	.02	.08	.03
45	4.50	3.98	.07	.05	.08	.05
50	4.50	3.38	.24	.18	.12	.08
55	4.50	3.38	.44	.39	.12	.12
59	4.50	3.38	1.17	.71	.15	.18
60	4.50	3.38	1.47	.84	.15	.19
61	4.50	3.38	1.83	1.01	.50	.22

Age	Reduced Early Retirement		Full Early Retirement	
	Males	Females	Males	Females
50	-	-	22.0%	20.0%
55	10.00%	8.75%	30.8	20.0
56	8.00	6.25	17.6	10.0
57	6.00	6.25	16.5	10.0
58	6.00	6.25	16.5	10.0
59	6.00	6.25	20.9	10.0
60	6.00	12.50	27.5	20.0
61	20.00	12.50	22.0	17.0

**SERVICE RETIREMENTS:** Occur between ages 62 (60 for Group A) and 70. The assumed rates of service retirement are as follows:

Age	Annual Rate of Retirement	
	Male	Female
62	35.2%	25.0%
63	26.4	20.0
64	27.6	20.0
65	41.8	30.0
66	33.0	30.0
67	33.0	30.0
68	33.0	30.0
69	33.0	30.0
70	100.0	100.0

**SALARY INCREASES:** Representative values of the assumed annual rates of future salary increase are as follows:

Age	Annual Rate of Salary Increase
25	8.9%
30	8.1
35	7.3
40	6.7
45	6.1
50	5.5
55	5.1
60	4.9
64	4.9

**DEATHS AFTER RETIREMENT:** The 1995 Buck Mortality Table for the period after service retirement. A special mortality table was used for the period following disability retirement.

**FUTURE EXPENSES:** No provision made.

**ACTUARIAL COST METHOD:** Projected benefit method with aggregate level normal cost and frozen supplemental liability (entry age normal cost with frozen initial liability).

**SPOUSE'S AGE:** Husbands are assumed to be 3 years older than their wives.

**PERCENT MARRIED:** 85% of the male members and 35% of the female members are assumed to be married.

**COST-OF-LIVING ADJUSTMENTS:** Assumed to occur on January 1 following one year of retirement at the rate of 4% per annum for Group A and 2% per annum for Group C (beginning at age 62 for Group C reduced early retirements).

**ASSET VALUATION METHOD:** The amount of the assets for valuation purposes equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

**INACTIVE MEMBERS:** Ten percent are assumed to return to active service, the remaining ninety percent are assumed to terminate. This is effected by holding a liability equal to 150% of accumulated contributions of inactive members for valuation purposes.

**HEALTH AND MEDICAL BENEFITS FOR RETIREES:** Not included in this valuation.

SCHEDULE C

BRIEF SUMMARY OF PRINCIPAL PLAN PROVISIONS  
AS INTERPRETED FOR VALUATION PURPOSES

BRIEF SUMMARY OF PRINCIPAL PLAN PROVISIONS  
AS INTERPRETED FOR VALUATION PURPOSES

Effective Date	July 1, 1947.
Creditable Service	Service as a member plus purchased service.
Average Final Compensation (AFC)	Average annual compensation during highest 3 successive years.
Membership	Immediate upon employment.

	<u>GROUP A</u>	<u>GROUP C</u>
Service Retirement Allowance		
Eligibility	Age 60 or 30 years of creditable service.	Age 62 or 30 years of creditable service.
Amount of Allowance	Member annuity based on accumulated contributions plus a pension which, with member annuity, equals 1/60 of AFC times creditable service.	Member annuity based on accumulated contributions plus a pension which, with member annuity, equals 1/80 of AFC times creditable service prior to July 1, 1990 plus 1/60 of AFC times creditable service after July 1, 1990.
Minimum	\$6,600 after 30 years of creditable service (pro-rata portion if less than 30 years).	\$6,600 after 30 years of creditable service (pro-rata portion if less than 30 years).
Maximum	None	50% of AFC.

	<u>GROUP A</u>	<u>GROUP C</u>
Early Retirement Allowance Eligibility	Age 55.	Age 55 and 5 years of creditable service.
Amount of Allowance	Actuarial equivalent of service allowance using AFC and creditable service at early retirement.	Accrued normal benefit reduced 6% for each year under age 62. No reduction if credited service is 30 years or more.
Vested Retirement Allowance Eligibility	5 years of creditable service.	5 years of creditable service.
Amount of Allowance	Commencing at age 60 calculated as a service allowance using AFC and creditable service at termination.	Commencing at age 62, calculated as a service allowance using AFC and creditable service at termination.
Disability Retirement Allowance Eligibility	Total and permanent disability after 5 years of creditable service (5 years preceding retirement served in State).	Total and permanent disability after 5 years of creditable service (5 years preceding retirement served in State).
Amount of Allowance	Calculated as a service allowance based on AFC and creditable service at disability retirement, subject to a 25% of AFC minimum.	Calculated as a service allowance based on AFC and creditable service at disability retirement, subject to a 25% of AFC minimum.
Death Benefits Eligibility	Age 60 or 30 years of creditable service; 20 years of creditable service if in service at death.	Age 55 and 5 years of creditable service or 20 years of creditable service.
Amount of Allowance	Accrued allowance paid under 100% survivorship option. If the eligibility requirements are not met or if beneficiary so elects, the member's accumulated contributions are paid to the	Accrued allowance paid under 100% survivorship option. If the eligibility requirements are not met or if beneficiary so elects, the member's accumulated contributions are paid to the

	<u>GROUP A</u>	<u>GROUP C</u>
	beneficiary or estate. Certain children's benefits may also be payable.	beneficiary or estate. Certain children's benefits may also be payable.
Return of Contributions	If no other beneficiary is payable, a terminated member receives his accumulated contributions with interest.	If no other beneficiary is payable, a terminated member receives his accumulated contributions with interest.
Options	The allowance may be paid in various optional forms at the election of the member.	The allowance may be paid in various optional forms at the election of the member.
Post-retirement Adjustments	On each December 31 allowances in payment for at least one year are adjusted for cost of living based on the consumer price index, but not in excess of 5%.	On each December 31, allowances in payment for at least one year are adjusted for cost of living based on one-half of the consumer price index, but not in excess of 5%. For members receiving a reduced early retirement allowance, the adjustment will not apply before age 62.
Contributions		
Members	5.5% of earnable compensation. Contributions stop after 25 years of creditable service.	3.4% of earnable compensation.
State	Normal and accrued liability contributions actuarially determined to keep the system financially sound.	Normal and accrued liability contributions actuarially determined to keep the system financially sound.

SCHEDULE D

SUMMARY TABLES OF MEMBER DATA AS OF JUNE 30, 2002

TABLE 1  
THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE  
AS OF JUNE 30, 2002

AGE	<i>0 to 4</i>		<i>5 to 9</i>		<i>10 to 14</i>		<i>15 to 19</i>		<i>20 to 24</i>		<i>25 to 29</i>		<i>30 to 34</i>		<i>35 to 39</i>		<i>40 &amp; up</i>		<i>Total</i>	
	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 to 24	237	6,095,280	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	237	6,095,280
25 to 29	608	17,395,483	143	4,768,298	0	0	0	0	0	0	0	0	0	0	0	0	0	0	751	22,163,781
30 to 34	492	15,088,585	397	14,035,170	110	4,224,752	0	0	0	0	0	0	0	0	0	0	0	0	999	33,348,507
35 to 39	345	10,496,777	272	10,126,997	241	9,818,847	135	5,854,557	0	0	0	0	0	0	0	0	0	0	993	36,297,178
40 to 44	389	11,729,220	270	10,218,366	283	12,029,975	317	14,214,101	141	6,780,107	0	0	0	0	0	0	0	0	1,400	54,971,769
45 to 49	371	11,898,046	341	12,744,222	371	16,089,783	353	16,712,227	460	23,006,966	229	11,446,423	3	143,996	0	0	0	0	2,128	92,041,663
50 to 54	252	8,554,532	292	11,632,836	347	15,304,259	430	20,445,202	420	21,418,589	556	28,431,313	99	5,272,928	0	0	0	0	2,396	111,059,659
55 to 59	106	3,747,012	98	3,904,913	156	6,696,346	192	9,122,622	168	8,211,339	193	9,924,119	148	7,796,127	35	1,805,858	0	0	1,096	51,208,336
60 to 64	31	1,205,061	22	842,351	27	1,229,232	40	1,882,964	36	1,805,524	29	1,507,738	17	884,075	13	710,504	3	160,736	218	10,228,185
65 to 69	9	245,546	5	217,436	1	53,533	5	235,542	2	81,664	0	0	1	44,398	3	159,263	2	101,065	28	1,138,447
70 & up	9	272,324	0	0	0	0	2	78,892	0	0	0	0	0	0	0	0	0	0	11	351,216
TOTAL	2,849	86,727,866	1,840	68,490,589	1,536	65,446,727	1,474	68,546,107	1,227	61,304,189	1,007	51,309,593	268	14,141,524	51	2,675,625	5	261,801	10,257	418,904,021

TABLE 2  
THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE  
AS OF JUNE 30, 2002

GROUP A

AGE	<i>0 to 4</i>		<i>5 to 9</i>		<i>10 to 14</i>		<i>15 to 19</i>		<i>20 to 24</i>		<i>25 to 29</i>		<i>30 to 34</i>		<i>35 to 39</i>		<i>40 &amp; up</i>		<i>Total</i>		
	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 to 44	0	0	0	0	0	0	5	216,542	5	248,726	0	0	0	0	0	0	0	0	10	465,268	
45 to 49	0	0	0	0	1	18,184	3	126,396	7	326,263	2	110,044	0	0	0	0	0	0	13	580,887	
50 to 54	0	0	0	0	1	46,832	1	54,426	8	378,963	6	254,376	2	106,784	0	0	0	0	18	841,381	
55 to 59	0	0	0	0	1	42,727	1	43,890	3	159,624	3	161,327	6	352,386	4	187,364	0	0	18	947,318	
60 to 64	0	0	0	0	0	0	2	108,746	2	94,698	1	63,205	1	48,829	1	51,039	0	0	7	366,517	
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	58,777	1	58,777	
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	3	107,743	12	550,000	25	1,208,274	12	588,952	9	507,999	5	238,403	1	58,777	67	3,260,148	

TABLE 3  
THE NUMBER AND ANNUAL COMPENSATION OF  
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE  
AS OF JUNE 30, 2002

GROUP C

AGE	<i>0 to 4</i>		<i>5 to 9</i>		<i>10 to 14</i>		<i>15 to 19</i>		<i>20 to 24</i>		<i>25 to 29</i>		<i>30 to 34</i>		<i>35 to 39</i>		<i>40 &amp; up</i>		<i>Total</i>		
	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	No.	Salary	
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 to 24	237	6,095,280	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	237	6,095,280	
25 to 29	608	17,395,483	143	4,768,298	0	0	0	0	0	0	0	0	0	0	0	0	0	0	751	22,163,781	
30 to 34	492	15,088,585	397	14,035,170	110	4,224,752	0	0	0	0	0	0	0	0	0	0	0	0	999	33,348,507	
35 to 39	345	10,496,777	272	10,126,997	241	9,818,847	135	5,854,557	0	0	0	0	0	0	0	0	0	0	993	36,297,178	
40 to 44	389	11,729,220	270	10,218,366	283	12,029,975	312	13,997,559	136	6,531,381	0	0	0	0	0	0	0	0	1,390	54,506,501	
45 to 49	371	11,898,046	341	12,744,222	370	16,071,599	350	16,585,831	453	22,680,703	227	11,336,379	3	143,996	0	0	0	0	2,115	91,460,776	
50 to 54	252	8,554,532	292	11,632,836	346	15,257,427	429	20,390,776	412	21,039,626	550	28,176,937	97	5,166,144	0	0	0	0	2,378	110,218,278	
55 to 59	106	3,747,012	98	3,904,913	155	6,653,619	191	9,078,732	165	8,051,715	190	9,762,792	142	7,443,741	31	1,618,494	0	0	1,078	50,261,018	
60 to 64	31	1,205,061	22	842,351	27	1,229,232	38	1,774,218	34	1,710,826	28	1,444,533	16	835,246	12	659,465	3	160,736	211	9,861,668	
65 to 69	9	245,546	5	217,436	1	53,533	5	235,542	2	81,664	0	0	1	44,398	3	159,263	1	42,288	27	1,079,670	
70 & up	9	272,324	0	0	0	0	2	78,892	0	0	0	0	0	0	0	0	0	0	11	351,216	
TOTAL	2,849	86,727,866	1,840	68,490,589	1,533	65,338,984	1,462	67,996,107	1,202	60,095,915	995	50,720,641	259	13,633,525	46	2,437,222	4	203,024	10,190	415,643,873	

TABLE 4

SUMMARY OF RETIRED MEMBER AND BENEFICIARY DATA  
BY LEVEL OF ANNUAL ALLOWANCE AS OF JUNE 30, 2002

ALL TEACHERS

Allowance Level	Service Pensioners		Disability Pensioners		Beneficiaries	
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance
0 - 500	10	\$ 2,560	-	\$ -	1	\$ 426
501 - 1,000	14	9,990	-	-	3	2,297
1,001 - 1,500	41	52,226	-	-	4	4,994
1,501 - 2,000	60	105,901	-	-	6	10,320
2,001 - 2,500	84	189,213	-	-	4	8,892
2,501 - 3,000	87	240,343	-	-	17	46,179
3,001 - 3,500	79	257,554	-	-	17	55,497
3,501 - 4,000	111	415,591	-	-	10	36,800
4,001 - 4,500	112	477,445	1	4,187	12	50,862
4,501 - 5,000	104	493,045	2	9,655	6	29,009
5,001 - 5,500	93	486,877	1	5,247	14	73,404
5,501 - 6,000	132	759,470	6	34,605	11	62,782
6,001 - 6,500	101	633,439	2	12,578	14	87,444
6,501 - 7,000	95	642,815	3	20,079	13	87,987
7,001 - 7,500	81	588,301	2	14,553	10	72,753
7,501 - 8,000	101	784,440	7	53,774	7	54,528
8,001 - 8,500	78	645,964	8	65,838	13	107,155
8,501 - 9,000	83	725,202	3	26,243	11	96,373
9,001 - 9,500	90	833,086	8	74,045	9	83,593
9,501 - 10,000	88	857,881	9	88,044	8	78,545
10,001 - 10,500	94	961,735	6	60,685	8	81,641
10,501 - 11,000	82	882,715	4	43,029	8	86,544
11,001 - 11,500	84	946,153	8	90,049	8	89,817
11,501 - 12,000	73	858,959	9	104,988	7	82,676
12,001 - 12,500	65	795,865	4	48,643	2	24,801
12,501 - 13,000	63	803,312	4	51,114	5	64,067
13,001 - 13,500	95	1,259,744	2	26,515	4	53,260
13,501 - 14,000	66	907,958	1	13,747	3	41,123
14,001 - 14,500	101	1,436,360	3	42,705	3	42,800
14,501 - 15,000	79	1,166,551	2	29,660	1	14,834
15,001 - 15,500	85	1,297,858	2	30,416	3	45,289
15,501 - 16,000	61	958,949	3	47,021	1	15,622
16,001 - 16,500	63	1,025,692	-	-	4	64,620
16,501 - 17,000	67	1,122,448	3	50,473	1	16,788
17,001 - 17,500	58	1,002,159	2	34,306	1	17,029
17,501 - 18,000	71	1,260,870	-	-	-	-
18,001 - 18,500	61	1,114,768	2	36,557	-	-
18,501 - 19,000	65	1,218,169	1	18,800	2	37,844
19,001 - 19,500	66	1,271,641	1	19,022	1	19,419
19,501 - 20,000	66	1,305,401	-	-	-	-
20,001 - 20,500	53	1,073,088	-	-	-	-
20,501 - 21,000	48	997,076	-	-	-	-

TABLE 4, continued

SUMMARY OF RETIRED MEMBER AND BENEFICIARY DATA  
BY LEVEL OF ANNUAL ALLOWANCE AS OF JUNE 30, 2002

ALL TEACHERS

Allowance Level	Service Pensioners		Disability Pensioners		Beneficiaries	
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance
21,001 - 21,500	43	912,374	1	21,224	-	-
21,501 - 22,000	19	413,717	-	-	-	-
22,001 - 22,500	39	868,037	-	-	-	-
22,501 - 23,000	27	614,597	-	-	-	-
23,001 - 23,500	34	789,495	-	-	-	-
23,501 - 24,000	23	545,736	-	-	-	-
24,001 - 24,500	22	532,954	1	24,159	-	-
24,501 - 25,000	28	693,004	-	-	-	-
Over 25,000	179	5,366,996	2	51,611	2	66,902
Total	3,624	\$ 43,605,724	113	\$ 1,253,572	254	\$ 1,914,916

SCHEDULE E

AMORTIZATION SCHEDULE FOR THE UNFUNDED ACTUARIAL  
ACCRUED LIABILITY

AMORTIZATION SCHEDULE FOR THE UNFUNDED ACTUARIAL  
ACCRUED LIABILITY

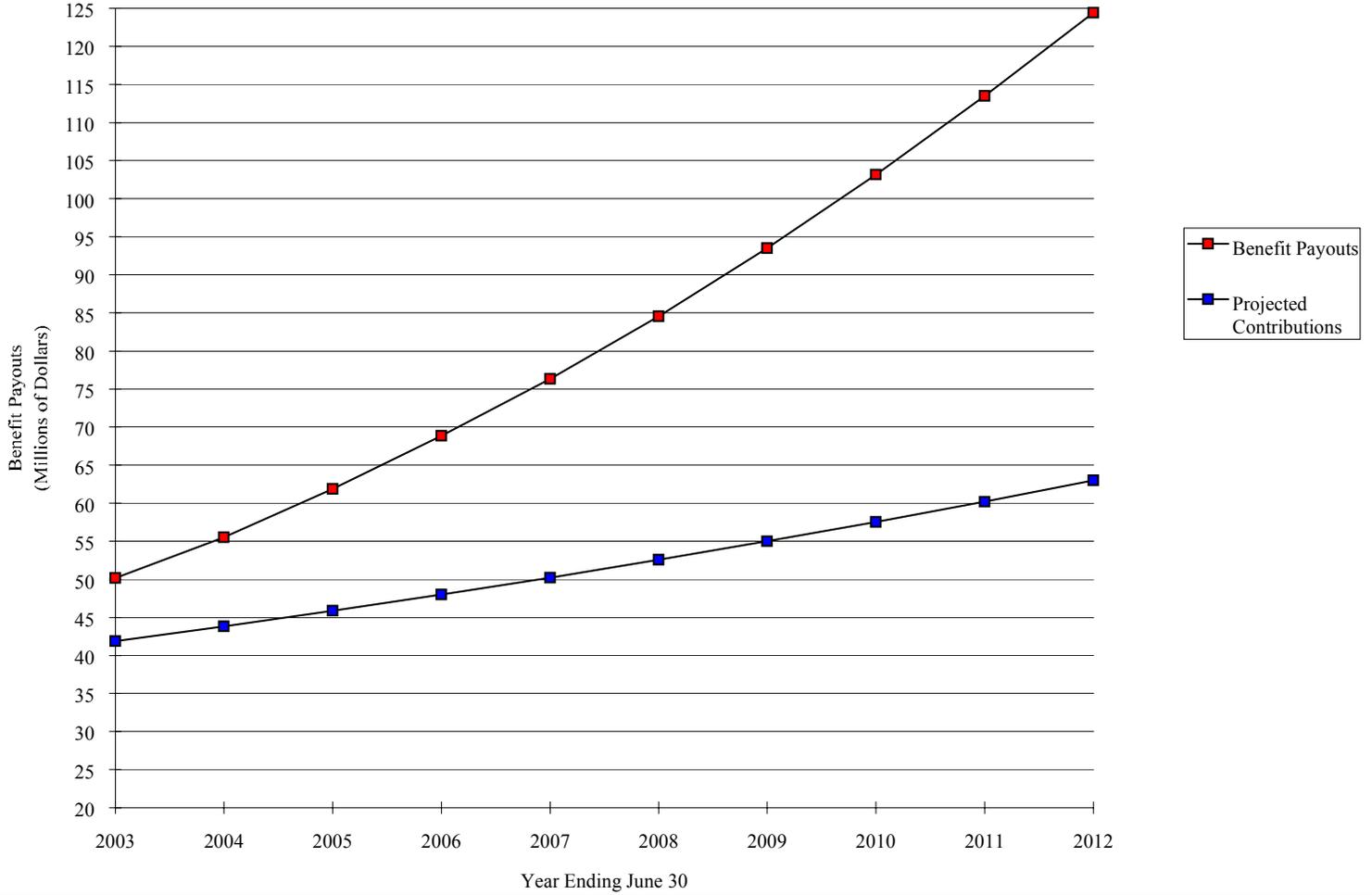
Date	Balance	Contribution (Year Following)
6/30/2002	137,907,805	11,356,088
6/30/2003	137,791,247	11,923,892
6/30/2004	137,072,846	12,520,087
6/30/2005	135,671,847	13,146,091
6/30/2006	133,499,154	13,803,396
6/30/2007	130,456,542	14,493,566
6/30/2008	126,435,806	15,218,244
6/30/2009	121,317,830	15,979,156
6/30/2010	114,971,575	16,778,114
6/30/2011	107,252,975	17,617,020
6/30/2012	98,003,735	18,497,871
6/30/2013	87,050,022	19,422,765
6/30/2014	74,201,041	20,393,903
6/30/2015	59,247,486	21,413,598
6/30/2016	41,959,846	22,484,278
6/30/2017	22,086,573	23,608,492
6/30/2018	0	0

SCHEDULE F

PROJECTED BENEFIT PAYOUTS AND  
CONTRIBUTIONS FOR THE PERIOD  
JULY 1, 2002 THROUGH JUNE 30, 2012

**PROJECTED BENEFIT PAYOUTS AND CONTRIBUTIONS**

JULY 1, 2002 THROUGH JUNE 30, 2012



SCHEDULE G

PROJECTION OF CONTRIBUTIONS FOR FOLLOWING TWO FISCAL YEARS

PROJECTION OF CONTRIBUTIONS FOR FOLLOWING TWO FISCAL YEARS

On the basis of the June 30, 2002 actuarial valuation, the recommended contribution for the fiscal year ending June 30, 2003, is \$28,279,810, based on the following:

Payroll	\$418,904,021
Normal rate	4.04%
Accrued liability contribution	\$11,356,088

On this basis, the projected contributions for the following two fiscal years are as follows:

Fiscal Year	Projected Payroll	Normal Rate	CONTRIBUTIONS		
			Normal	Accrued Liability	Total
2004	\$437,755,000	4.04%	\$17,685,000	\$11,923,892	\$29,608,892
2005	457,454,000	4.04%	18,481,000	12,520,087	31,001,087

In these projections, we assumed that total payroll would increase by 4½% each year.